CONTEXTUALIZATION OF VALUE MANAGEMENT (VM) IMPLEMENTATION IN THE MALAYSIAN PUBLIC CONSTRUCTION PROJECTS

[1] Sr Rohanis binti Ab Ghani – Council Member & Director of Professional Development (IVMM); Certified Value Manager (CVM IVMM); Fellow Member (FMIVMM); Professional QS (BQSM); Professional Member QS (RISM); Subject Matter Expert (SME) VM (Public Service Malaysia); Superintendent QS (PWD Malaysia); MSc. Eng. (ICME) Univ. of Leeds; BQS UTM; Dip. QS UTM; Email: anisrohanis@gmail.com

[2] Safarina Rabiah binti Bolhasan – Member of IVMM (MIVMM); Grad. Member (BEM); Senior Civil Engineer (PWD Malaysia); Master Eng Civil (Hydraulic & Hydrology) UTM; Bachelor in Civil Eng. (Hons) UiTM; Email: safarina09@gmail.com

Introduction

This article is a reflective discussion on the presentation and dialogue session during the Hong Kong Institute of Value Management (HKIVM) International Conference in promoting and extending Value Management (VM) professional services in Belt and Road Region (Presented by [1] Sr Rohanis A.G.). It was presented to the international delegates on contextualization of VM in the Malaysian public projects' environment. The contextualization represents the conditions that form the setting for VM to evolve in public construction projects, which are driven by the government policy and supported by the implementing agencies, the Institute of VM Malaysia (IVMM) and academia.

It has been almost a decade since VM is mandated by the Economic Planning Unit of the Prime Minister Department (UPE Circular No 3/2009; December 2009) on the implementation of public programmes and projects valued at the threshold of MYR50 million and above. The mandate became the "game changer" when VM has emerged as a methodological tool for managing value in public construction projects, in seeking for optimal balance between functionality, quality, cost, time and risks mitigation. In the earlier time of 1990s, VM subject was first introduced through academia, and later a few VM studies were initiated in selected public and private projects. As now it has evolved, many VM circulars, guides, guidelines and manuals are published by the central agency, implementing agency, IVMM; and VM subject is taught and researched in many local universities.

Contextualization of VM

Among the prominent characteristics of the contextualization of VM in the Malaysian public construction projects is the study intervention points set for an effective value chain management along project life cycle. Three (3) major VM Study interventions are marked; which are termed as Value Assessment (VA) at Strategic Assessment Stage, Value Engineering (VE) at Design Development / Pre Tender Stage and Value Review (VR) at Use Stage. Each intervention has distinct study features in terms of study objectives, inputs and outputs, level of study and its outcomes. As those VM studies are managed by different parties and facilitated by different set of practitioners, the wide applications have resulted in VM is institutionalized in various organizations which include the central agencies, client ministries and implementing (technical) agencies. Hence, contextualizing VM in those public organizations are fundamental, especially within the technical agencies, where internal VM practitioners are assigned to facilitate the respective VM studies.

The Public Works Department (PWD) Malaysia is responsible for providing Value Engineering (VE) facilitation service in public construction projects, together with the Asset Management, Project Management and other technical consultancy services of infrastructure projects nationwide. As an established technical agency, VE initiative has been institutionalized in PWD Malaysia through a change management approach; where structured steps such as “plan – develop – introduce – implement – review – improve – establish” has led to VE is smoothly integrated as “norms, values and cultures” of the organization. However, the effective change management for institutionalizing an initiative or any change of process, strategy or even policy can be achieved through many renowned theories e.g. Lewin’s Change Management Model, John Kotter’s 8-Steps Change Model, Procsi ADKAR (Awareness- Desire-Knowledge-Ability-Reinforcement) Model etc.

Institutionalization of VE in the PWD Malaysia

In focussing on the institutionalization of VE in the PWD Malaysia, VE Implementation Framework and VE Governance are among the primary features. The PWD’s VE Framework encapsulates the critical enablers and goals in ensuring value for money is delivered through VE application in public construction projects; which highlights the core values, VM practitioners’ capacity and competency, effective process and adaptation of best practices, customers’ participation and stakeholders’ expected outcomes. The continuous value improvement and value culture inculcation are also emphasized through VE development and integration with other management initiatives in advancing and sustaining VM in construction projects. The PWD’s VE Governance highlights the roles, responsibilities, process and communication linkages of the involved parties i.e. stakeholder, project owner (client), project manager, facilitation team and workshop team.

Apart from VE Framework and Governance, other conditions for contextualizing and institutionalizing VE in PWD Malaysia are the establishment of VM Unit (comprises of development and operational functions); benchmarking of VE Standards which are published as “VE Application Guidelines for Public Projects” (2013) and “VE Facilitation Kit” (2015); VE integration in the existing project delivery system (SPB - *Sistem Pengurusan Bersepadu* or MS ISO 9001:2015); VE competency and capacity development - training, coaching and mentoring programme; and Value Manager Certification. The way forward of VE is embarked through VM propositions e.g. Value Risk Management; Strategic VM Study at asset/project creation; and Value Management/Engineering Change Proposal (VMCP/ VECP); and strategic collaborations with the national and international VM institutions, state governments, other professional bodies and universities.

Conclusion

In conclusion, contextualization of VM implementation in the organization is essential. This can be accomplished through the establishment of sturdy VM policy, VM governance and framework, customization of VM standards and integration within the organization’s procedures and process, continuous reviews and improvement on the contextualization. The permissive environment surrounds the organization is also conducive to contextualization and institutionalization of VM. The situation can be achieved through continuous promotion and consultation on VM best practices by VM institution and subject matter experts, and forceful government’s support on VM implementation in public projects. Thus, VM can be strongly institutionalized within the organization through effective change management process; where VM integrates as part of the organization’s norms, values and cultures. With those positive conditions, evolution of VM within and inter sectors (among Public – GLC or Government Linked Companies – Private) can be succeeded.

Highlights of HKIVM Presentation (Presenter: Sr Rohanis A.G.; 29 June 2019; Hong Kong):

PROMOTING AND EXTENDING VALUE MANAGEMENT (VM)
PROFESSIONAL SERVICES IN BELT AND ROAD REGIONS
PROJECT CREATION AND SURVIVAL VIA VALUE MANAGEMENT
HKIVM CONFERENCE ON 29 JUNE 2019
METROPARK HOTEL, KOWLOON, HONG KONG

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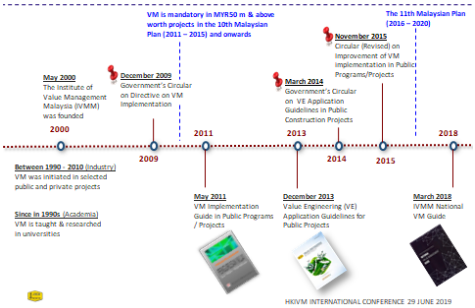
Sr Rohanis Ab Ghani; CVM, FIVMM, PQS, MRISM
Subject Matter Expert (SME) VM, Public Works Department of Malaysia (PWDM);
Council Member & Director of Professional Development (IVMM);
Professional Quantity Surveyor (BQSM) & Registered Surveyor (RISM)

DEVELOPMENT OF VM IN MALAYSIA

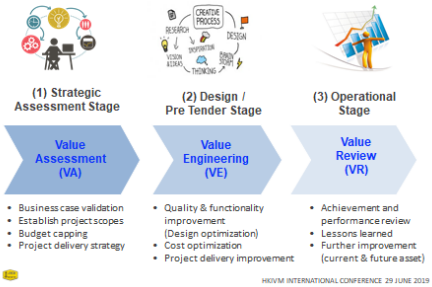
- VM was introduced through academia (in 1990s); currently it is widely taught and researched in many universities;
- The Institute of Value Management Malaysia (IVMM) was founded (in 2000) as the regulating body and for best practices consultancy;
- Earlier was initiated in selected public and private projects (in 1990s) and increases tremendously since "The Mandate" (December 2009);
- "The Mandate" – The Directive by Government* on mandatory VM implementation in the Malaysian Plan (MP); began in the 10th MP (2011 – 2015), continues in the 11th MP (2016 - 2020) and onwards.

Note * The Economic Planning Unit, Prime Minister Department of Malaysia

Evolution of VM in Malaysian Public Sector

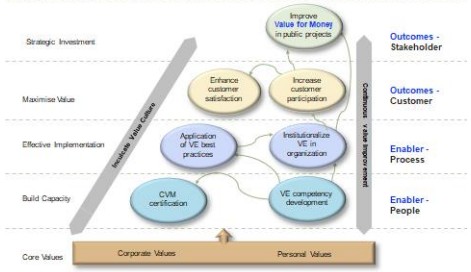


Major VM Interventions in Public Construction Projects

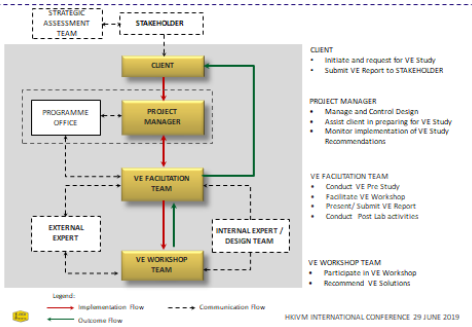


Institutionalization of VM in Multi Public Agencies

VE Implementation Framework



VE Implementation Governance



CONCLUSIONS

Conducive environment drives VM development in public projects:
- Promotion and consultation by VM Institution;
- Government's policy on VM initiative in public projects;
- Institutionalization of VM within public organizations.

Institutionalizing VM as organizational change programme:
- Involves People, Process, Customers and Stakeholders;
- Establishment of VM practice as norms, values and cultures;
- Continuous development within and inter organizations.

Contextualization of VM implementation is fundamental:
- Establishment of VM policy, governance and framework;
- Customizing VM procedures, process and standards;
- Continuous reviews and improvement on contextualization.